



**In terms of the Technical Guidance and Support
of Comptroller and Auditor General of India**

ANNUAL TECHNICAL INSPECTION REPORT

ON

URBAN LOCAL BODIES

AND

PANCHAYATI RAJ INSTITUTIONS

FOR THE YEAR ENDING 31 MARCH 2010

**Office of the Principal Accountant General
(Civil & Commercial Audit)
Madhya Pradesh, Gwalior**

GOVERNMENT OF MADHYA PRADESH

Table of Contents		
	Reference to	
	Paragra ph No.	Page No.
Preface		v
Overview		vi to viii
PART – I - URABAN LOCAL BODIES		
CHAPTER – I OVERVIEW OF FINANCES OF URBAN LOCAL BODIES INCLUDING THE ACCOUNTING PROCEDURES		
Introduction	1.1	1
Administrative arrangements	1.2	1
Accounting arrangements	1.3	2
Audit arrangements	1.4	3
Source of revenue	1.5	3
Budgetary allocation and expenditure	1.6	3
Position of outstanding loans	1.7	4
Position of outstanding audit paragraphs	1.8	4
Bank-reconciliation statement not prepared	1.9	5
Non-recovery of advances from individuals	1.10	5
Non recovery of tax / non - tax revenue	1.11	5
Non-creation of Reserve Fund of ULBs	1.12	6
Non recovery of rent and premium of shops	1.13	6
Non preparation of draft development plan for the districts	1.14	6
Conclusion	1.15	6
CHAPTER – II TRANSACTION AUDIT PARAGRAPHS		
Avoidable payment of penal interest	2.1	7
Loss due to non imposing and levying Urban Development Cess.	2.2	8
Diversion of funds	2.3	8
Jawaharlal Nehru National Urban Renewal Mission (JNNURM)	2.4	9
Release and utilisation of Twelfth Finance Commission grants of Urban Local Bodies	2.5	10

PART - II – PANCHAYATI RAJ INSTITUTIONS		
CHAPTER – I		
OVERVIEW ON FINANCES INCLUDING THE ACCOUNTING PROCEDURES OF THE PANCHAYATI RAJ INSTITUTIONS		
Introduction	1.1	15
Area and Population	1.2	15
Administrative arrangements	1.3	15
Accounting arrangements	1.4	16
Audit arrangements	1.5	17
Source of revenue	1.6	17
Receipts and expenditure of PRIs	1.7	17
Position of outstanding audit objections	1.8	18
Outstanding advances against individuals/executing agencies	1.9	19
Bank reconciliation statement not prepared	1.10	19
Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS)	1.11	20
Conclusion	1.12	22

CHAPTER – II		
TRANSACTION AUDIT PARAGRAPHS		
Irregular write-off of Indira Awas Yojna Funds	2.1	23
Injudicious expenditure of ₹ 51.29 lakh on procurement of computers & office furniture by Zila Panchayat Khargone.	2.2	24
Unrecovered amount of ₹ 82.64 lakh	2.3	25
Suspected embezzlement of ₹ 0.81 lakh	2.4	26
Release and utilisation of Twelfth Finance Commission grants of PRIs	2.5	27

	APPENDIX	Page No.
Appendix - I	Non preparation of Bank reconciliation statement	32
Appendix - II	Non-recovery of advances from individuals	33
Appendix - III	Non recovery of tax / non tax revenue	34
Appendix - IV	Non-creation of Reserve Fund in ULBs	35
Appendix - V	Statement showing the payment of penal interest	36
Appendix - VI	Statement showing the position of funds and utilization certificate sent to GOI under JNNURM	37
Appendix - VII	Delay in transfer of grant to ULBs and non payment of interest on delayed transfer	38
Appendix - VIII	Diversion of grant	39
Appendix - IX	Unspent Balance of grants	41
Appendix - X	Unspent grant included in Utilisation Certificate (UCs).	45
Appendix - XI	No progress in Solid Waste Management	46
Appendix - XII	Non achievement of Solid Waste Management (SWM) parameters	47
Appendix - XIII	Statement showing grant in aid received and expenditure incurred on maintenance of data base under Twelfth Finance Commission (TFC) recommendations	48
Appendix - XIV	Outstanding advances against individuals/ executing agencies.	52
Appendix - XV	Bank reconciliation statement not prepared.	53
Appendix - XVI	Procured Material for Sub-divisional offices and distributed among 9 JPs and ZPs Khargone	54
Appendix - XVII	Statements showing the details of TFC grants received beyond stipulated period and their transfer beyond stipulated period.	55
Appendix - XVIII	Diversion of grants during the year 2009-10	67
Appendix - XIX	Unspent grant in GPs bank accounts.	76

Appendix - XX	Works done without preparation of shelf of project.	83
Appendix - XXI	Non recovery of pending user charges.	89
Appendix - XXII	Statement of test check GPs who had not conducted Social Audit during 2009-10	92